

Mankato, MN – Today in Mankato, Rep. Tim Walz, the Mankato Clinic and Mayo Clinic highlighted the provision, backed by both Mankato Clinic and Mayo Clinic, that rewards Minnesota doctors and hospitals for innovation, results, and quality care that was included in H.R. 3962, the Affordable Health Care for America Act that the House of Representatives passed Saturday evening.

“I voted for this bill because it solves two long-standing problems with how Medicare pays Minnesota doctors and hospitals. The first change ends the fee-for-service payment model in Medicare that Mayo and other experts have said perversely encourages hospitals to perform unnecessary procedures and tests. It instead creates a new pay-for-results method that will be based upon data and developed by the experts at the non-partisan Institute of Medicine. This Mayo-backed change is patient-centered and will reward innovation, results and quality care. The second change corrects the bone-headed fact that Medicare historically under-pays Minnesota doctors and hospitals simply because of geography, -- simply because of where we live. This will help deliver better care for our seniors,” said Walz.

“Mayo Clinic is pleased with the leadership role that Rep. Walz played in making sure that the House bill included a directive to move the country toward a pay-for-value reimbursement model,” said Dr. Glenn Forbes, medical director, state government and local affairs, at the Mayo Clinic. “The plan is consistent with Mayo Clinic’s focus on defining high value health care, measuring it, and then adjusting Medicare so that high value health care is rewarded.”

“The Mankato Clinic supports payment reform which will move the system to improve patient access, improve the quality of care provided and improve cost efficiencies,” commented Randy Farrow, CEO of the Mankato Clinic.

“Delivering high quality care at a low cost also means that we can save taxpayer dollars,” said Walz. “This is all about bringing the cost of health care down and this provision is fundamental to stopping the skyrocketing costs for Minnesota families and businesses.”

Over the past several months, Rep. Walz has been an active member of the House “Quality Care Coalition” which is comprised of House members advocating for reform of the Medicare payment system so that it would pay for results and reward and incentivize “high-quality, low cost care”. In October, Walz announced that the coalition had been able to secure a deal with House Leadership to include these reforms in the overall health reform bill.

The deal requires the independent Institute of Medicine (IOM) to recommend and then the Secretary of Health and Human Services to implement two fixes for health care providers in the Medicare reimbursement system:

The geographic disparities fix: addresses geographic disparities in the Medicare reimbursement formula which cause some doctors to receive higher reimbursements for Medicare patients

strictly because of location.

The pay for results fix: it makes recommendations to reform Medicare to pay doctors and hospitals based on their success in making patients well, rather than on the quantity of tests, office visits and other services they provide. This is essential to cut costs and because Medicare will incentivize doctors to provide these higher quality, lower cost services it will help seniors get well faster and stay well longer. The deal implements the findings of this IOM review through an automatic process unless a supermajority of the Congress moves to block implementation. There is immense political pressure from Members whose states benefit from these inequities to prevent these changes. This deal makes the changes data-driven and ensures that a few powerful members can't block needed reform without the consent of two thirds of their colleagues.

Last year, the world-renowned Mayo Clinic lost \$840 Million by serving Medicare patients because of this broken reimbursement formula. At the same time, as much as 30% of health care costs are wasteful and do not make a difference in the health of patients.

Participants included:

Randy Farrow – CEO, Mankato Clinic

Dr. Glenn Forbes, medical director, state government and local affairs, at the Mayo Clinic

Dr. Rolf Storvick, Internal Medicine – Mankato Clinic